



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 18, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy L. Watanabe*
Auditor-Controller

SUBJECT: **WEST SAN GABRIEL VALLEY CONSORTIUM dba CAREER
PARTNERS – ROSEMEAD CONTRACT REVIEW – A COMMUNITY
AND SENIOR SERVICES WORKFORCE INVESTMENT ACT
PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of West San Gabriel Valley Consortium dba Career Partners – Rosemead (Rosemead or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with Rosemead to provide and operate the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs. The WIA Adult and Dislocated Worker Programs assist individuals in obtaining employment, retaining their jobs and increasing their earnings. The WIA Rapid Response Program provides assistance to companies that are facing a reduction in their workforce and assists the soon-to-be dislocated workers in career transitions by providing orientation seminars, workshops and materials. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Rosemead's office serves participants residing in the First and Fifth Districts.

Rosemead is compensated on a cost reimbursement basis and has a contract for \$2,428,918 for Fiscal Year (FY) 2008-09.

Purpose/Methodology

The purpose of the review was to determine whether Rosemead complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We interviewed a number of the Agency's staff and evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Generally, Rosemead provided the program services to eligible participants and maintained sufficient internal controls over its business operations. However, Rosemead did not obtain criminal record clearances for all five employees sampled. This finding was also noted during our prior three annual monitoring reviews.

In addition, Rosemead billed CSS \$21,581 in questioned costs. Subsequent to our review, Rosemead repaid CSS \$11,197.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Rosemead and CSS on February 11, 2009. In their attached response, Rosemead concurred with the findings and recommendations except for the amount of questioned costs identified in our report. Rosemead repaid CSS \$11,197 of the \$21,581 in questioned costs. The Agency indicated that they will provide CSS with documentation to support the remaining questioned costs. CSS will follow up to ensure the recommendations are implemented.

We thank Rosemead for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC:EB:yb

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Raymond L. Gibbs, Executive Director, West San Gabriel Valley Consortium
dba Career Partners - Rosemead
Robert Rizzo, Chairman, Executive Board, West San Gabriel Valley Consortium
dba Career Partners - Rosemead
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
WEST SAN GABRIEL VALLEY CONSORTIUM
dba CAREER PARTNERS – ROSEMEAD
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether West San Gabriel Valley Consortium dba Career Partners – Rosemead (Rosemead or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 30 (10%) (ten adults, ten dislocated workers and ten youths) of the 315 participants that received services between July through December 2008 for documentation to confirm their eligibility for WIA services.

Results

Generally, Rosemead maintained appropriate documentation to support the eligibility of the 30 participants sampled.

Recommendation

None.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 30 (10%) participants that received services during July through December 2008.

Results

Generally, Rosemead provided the services in accordance with the County contract and WIA guidelines. However, Rosemead did not accurately report the participant's program activities, such as supportive services, on the Job Training Automation (JTA)

System as required for one (5%) of the 20 participants sampled. The JTA System is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. A similar finding was also noted during the prior two years' monitoring reviews.

Recommendation

1. **Rosemead management ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.**

PERFORMANCE OUTCOME

Objective

Determine whether Rosemead met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

At the time of our review, the performance outcomes for Fiscal Year (FY) 2008-09 were not available. As such, we compared the reported FY 2007-08 actual performance outcomes to the planned performance outcomes outlined in the County contract.

Results

Rosemead met all the FY 2007-08 planned performance outcomes outlined in the County contract.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed Rosemead's bank activity for September, October and November 2008.

Results

Rosemead maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 17 non-payroll expenditure transactions billed by Rosemead for July and September 2008, totaling \$94,304.

Results

Rosemead's program expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

None.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Rosemead maintained sufficient internal controls over its business operations. However, Rosemead did not always comply with WIA and County contract requirements. Specifically, Rosemead did not maintain:

- Individual Training Account (ITA) policies and procedures as required by WIA Directive LACOD-WIA08-18.
- An executed vendor agreement for the training provider used as required by WIA Directive D-DWA-00-003.

Subsequent to our review, Rosemead established ITA policies and procedures as required and provided a vendor agreement for the training provider.

Recommendations

Rosemead management:

- 2. Ensure compliance with the Individual Training Account policies and procedures.**
- 3. Maintain vendor agreements for each training provider used.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Rosemead's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 24 items purchased with WIA funds, totaling \$56,254.

Results

Rosemead used the equipment purchased with WIA funds for the WIA programs and the assets were safeguarded.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether the Agency obtained criminal record clearances, verified employability, and maintained current driver's licenses and proof of automobile insurance for the employees assigned to the WIA programs.

Verification

We traced the payroll expenditures invoiced for 25 employees and 24 participants totaling \$44,804 for September 2008 to the Agency's payroll records and time reports. We also interviewed one staff member and reviewed the personnel files for five employees assigned to the WIA programs.

Results

Rosemead appropriately charged payroll expenditures to the WIA programs. However, Rosemead did not obtain criminal record clearances for all five employees sampled as required by Section 27.4 of the County contract. A similar finding was also noted during the Auditor-Controller's prior three annual monitoring reviews.

Recommendation

- 4. Rosemead management obtain criminal record clearances, including fingerprinting, for all employees.**

COST ALLOCATION PLAN

Objective

Determine whether Rosemead's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in July and September 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, Rosemead's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

None.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's FY 2007-08 final close-out invoices for the WIA Adult, Dislocated Worker, Youth and Rapid Response programs reconciled to the Agency's financial accounting records.

Verification

We traced Rosemead's FY 2007-08 general ledgers to the Agency's final close-out invoices for FY 2007-08. We also reviewed a sample of expenditures incurred in February and June 2008.

Results

Rosemead's final close-out invoices reconciled to the Agency's financial records. However, Rosemead billed Community and Senior Services (CSS) \$21,486 in questioned costs. Specifically, Rosemead:

- Billed the WIA Adult Program for 100% of their network and voicemail system, totaling \$25,645, instead of allocating the expenditures among all benefitting programs as required by Part C, Section 2.0 of the Auditor-Controller Contract Accounting and Administration Handbook. The WIA Adult Program's proportionate share totaled \$11,159 (44%), resulting in an over-billing of \$14,486. Subsequent to our review, Rosemead repaid CSS \$4,197.
- Billed CSS \$7,000 in FY 2008-09 expenditures during FY 2007-08. Subsequent to our review, Rosemead repaid CSS the \$7,000.

Recommendations

Rosemead management:

- 5. Repay CSS \$10,289 (\$21,486 - \$4,197 - \$7,000).**
- 6. Ensure that shared program expenditures are appropriately allocated among all benefitting programs.**
- 7. Ensure that expenditures are billed in the correct program year.**

Career Partners

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WorkSource
CALIFORNIA

February 24, 2009

Wendy L. Watanabe, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071
Attention: Yoon Bae

RE: FY 2008-2009 WIA Program Monitoring Review

Dear Ms. Watanabe:

Transmitted herein for your review and recommended acceptance is Career Partners' response to the findings which the A-C discovered while conducting the FY 2008-09 WIA Program Monitoring Review of our agency. Each of our Managers have prepared a response to the specific findings noted, and their aggregated replies comprise our corrective action plan.

We trust that our specific responses to each of the A/C's findings is satisfactory, but we welcome the opportunity to clarify any comments we have made that are unclear.

If you have any questions please don't hesitate to call me at 626-569-1100; Lina Hsiung at 626-569-1102; Gloria Delgado at 626-569-1101 or Johnene Leyba at 626-569-1106.

Sincerely,

Raymond L. Gibbs

Raymond L. Gibbs
Executive Director

c: Lina
Gloria
Johnene

Career Partners

3505 N. Hart Avenue • Rosemead, CA 91770
Phone: 626.572.7272 • Fax: 626.569.1851
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February 24, 2009

Wendy L. Watanabe
Auditor-Controller
Department of Auditor Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071
Attn: Yoon Bae

WorkSource
CALIFORNIA

BILLED SERVICES/CLIENT VERIFICATION

Recommendation

1. Rosemead management ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.

Response:

On February 24, 2009, MIS staff from Career Partners contacted CSS staff through email to request the addition of code 81. Staff will ensure that all information is reported to the JTA system in a timely manner. Please see attached email.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Recommendations

2. Ensure compliance with the Individual Training Account policies and procedures.
3. Maintain executed vendor agreements for each eligible training provider used.

Response:

Subsequent to the review, we provided the revised ITA policy and executed vendor agreement to staff from the Auditor Controller's office. Attached you will find ITA policy and vendor agreement.

If you have any questions regarding this letter, please feel free to contact me at (626) 569-1106.

Sincerely,

Johnene Ornelas-Leyba
Program Operations Director
WorkSource California Career Partners

Career Partners

3505 N. Hill Avenue • Rosemead, CA 91770
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WorkSource
CALIFORNIA

February 24, 2009

Wendy L. Watanabe, Auditor-Controller
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Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071
Attention: Yoon Bae

West San Gabriel Valley Consortium dba Career Partners – Rosemead

PAYROLL AND PERSONNEL

Recommendation – page 6:

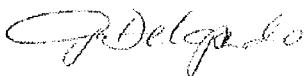
4. Rosemead management obtain criminal record clearance, including fingerprinting, for all employees.

The Department of Justice (DOJ) application for both CORI and Live Scan Request was completed and submitted on 2/20/09. When assigned an agency CODE we will work with US LIVE SCAN to meet County fingerprinting requirement.

Due to this current notification change, we will ensure all staff is in compliance with the County required fingerprinting.

Thank you for your review and recommendation with regards to the monitoring visit. Your input was greatly appreciated. If you have any questions please call me at 626-569-1101.

Sincerely,



Gloria Delgado
Administrative Services Manager
WorkSource California Career Partners

Feb. 24, 2009

Yoon Bae, CPA
Principal Accountant-Auditor
Department of Auditor-Controller
Countywide Contract Monitoring Division

Recommendations: - Rosemead

5. Repay CSS \$14,486.

Attachment #1

Career Partners repay over-billing check \$4,197.00 (CK# 223149) to CSS dated 02/24/09. The payment \$ 4,197.00 is reconciliated within WIA programs (WIA Adult, WIA Dislocated Worker, and WIA Youth) for FY 07-08.

6. Ensure that shared program expenditures are appropriately allocated among all benefiting programs.

Attachment #2 & #3

The attached worksheets were shown the changes of billing fixed assets to allocate costs among all benefiting programs.

7. Ensure that expenditures are billed in the correct program year.

Management will ensure that staff processes the expenditures are billed into the correct program year.